

## Chapter I - Planning for Change

The threat of downsizing in an organization can cause disruption of work and obviously has an adverse impact on morale as employees fear the possible loss of income and benefits. Rumors run rampant and tempers become short. It is a time when the personnel office and managers must work closely to minimize the adverse impact on employees, while effectively accomplishing the work of the organization.

With the possibility of downsizing comes a need for a redirection of resources and work in servicing personnel offices. Personnel specialists who would normally be recruiting and filling vacancies must begin looking at a workforce with a view toward utilization of employee skills in other positions. The Department of Defense prides itself on the quality of its workforce. Throughout an employee's career, much time and money has been invested in his or her training and development.

While the first step in downsizing is to try to utilize employees in other functions or positions, it is not always possible to avoid separating employees. If this becomes necessary, special care must be taken to ensure affected employees are treated with dignity and empathy; and the organization sends a message that it cares about the future of each individual. In addition, it serves to protect the image of the Department of Defense as a reliable employer for the future, despite current drawdowns.

After an organization has exhausted all means of avoiding a reduction in force (such as freezes, release of temporary employees, furloughs, etc.), the personnel office must begin an aggressive outplacement effort. Early planning is required to provide sufficient lead time for both the workforce and the personnel office staff.

While the traditional methods of outplacement provide strong assistance, today's economic climate requires additional efforts and innovative approaches to offer employees a wider variety of potential employment sources. The ultimate responsibility for finding employment lies with the employee. However, the personnel office can do much to assist the employee and ease the transition to a new job or career. Providing career counseling, training sessions on how to prepare applications and resumes, interview skills training, job clubs, use of local media advertising and frequent contacts with other Federal and non-Federal organizations, are examples of efforts which make good business sense, and will go far to ensure that the Department of Defense remains an "employer of choice" in the future.

### A. Downsizing In DoD

Downsizing refers to the process of reducing the on-board count of an agency or activity, when faced with workload reductions or a shortage of funds. This section provides a discussion of various methods of achieving downsizing goals.

#### 1. Reduction In Force (RIF).

- a. RIF is a term that applies to very specific situations. The RIF system is a uniform and systematic way of making organizational changes. Specifically, RIF procedures must be used when an activity releases an employee from a competitive level by separation, furlough for more than 30 calendar days, demotion, or reassignment requiring displacement. A RIF may result from any of the following situations: lack of work; shortage of funds; insufficient personnel ceiling; reorganization;

an individual's exercise of reemployment or restoration rights; or reclassification of an employee's position due to erosion of duties, when such action will take effect after the activity has formally announced a RIF in the employee's competitive area and when the RIF will take effect within 180 days.

- b. RIF procedures are not used in the following situations: the termination of a temporary or term promotion or the return of an employee to a position held before the temporary or term promotion or one of equivalent grade or pay; a change to lower grade based on the reclassification of an employee's position due to the application of new classification standards or correction of a classification error; a change to lower grade based on reclassification of an employee's position due to erosion when an activity has not formally announced a RIF in the employee's competitive area and the RIF will not take place within 180 days; placement of an employee serving on an intermittent, part-time, on-call, or seasonal basis in a non-pay, non-duty status in accordance with conditions established at the time of appointment; or an adverse action based on deficiency in conduct or performance of assigned duties.
- c. Almost all Federal employees are covered by RIF regulations. However, of employees not covered, the largest groups are: members of the Senior Executive Service (these employees have other retention rights authorized by 5 U.S.C. 3595 (reference (a))); employees who work outside the executive branch, such as for the Congress or Courts, unless their positions are included, by law, under competitive service requirements; employees whose appointments are subject to Congressional confirmation; National Guard technicians; reemployed Civil Service annuitants, unless the agency permits them to be covered (5 U.S.C. 3323 (reference(b))); civilian Marine employees of the Military Sealift Command (CMPI 351 (reference (c))); and non appropriated fund employees.

## 2. Base Closure.

- a. A base closure results in the complete shut down of an installation. All functions are transferred to other installations or the function is abolished if there is no beneficial need for the products or services.
- b. The procedures for obtaining the proper clearance to effect a base closure are prescribed in DoD Directive 5410.10 (reference (d)). Once such clearance is obtained, notice of the closure should be announced promptly. At least six months advance notice should be given. An announcement should be made considerably more than six months in advance in major base closures or phasedowns involving displacement of large numbers of employees. Announcements should be made to the following: all affected employees detailing the nature of the action to be taken and the reasons; the Office of Personnel Management (OPM); local and national offices of employee organizations represented at the activity; state and local employment agencies; Department of Labor; and any other organization which may assist in conducting programs to find employment for employees to be displaced. In a foreign area, the American Embassy should be informed regarding the displacement of local national, third-country nationals, and U.S. citizens.

3. Consolidation. A consolidation takes place when two or more previously distinct organizational entities are combined into one. The primary objective of consolidating is to produce a more efficient servicing structure, while maintaining and improving quality of service. Managers will rely extensively upon personnelists to advise and assist in making critical decisions regarding personnel requirements. They must determine whether employees needed to accomplish the mission are in the current workforce; if not, method of recruitment, hiring lag time, types of appointments, which services are essential on-site and which can be centralized. Aggressive outplacement assistance will be required for employees who are determined to be excess. In addition, retraining needs should be assessed, and estimates of permanent change-of-station (PCS), costs for relocation, severance pay costs for employees subject to separation, and costs for grade and pay retention for downgraded employees should be calculated.
4. Transfer of Function (TOF).
  - a. Under the TOF provisions, a function means all or a clearly identifiable segment of an agency/activity mission, including all integral parts of that mission, regardless of how it is performed.
  - b. A TOF occurs in two instances: when the function moves from one competitive area to another competitive area where the function is not being performed at the time of the transfer (in this case, the function must disappear from one competitive area and reappear in one or more other competitive areas where it does not exist at the time of the transfer); or when the competitive area for the function moves to another local commuting area (in this case, the entire competitive area moves from one local commuting area to another local commuting area).
  - c. Although a TOF may be the result of an agency decision to reorganize, it may also be caused by law or Executive Order. In such cases, a TOF may involve two or more Federal departments or agencies. In other cases, a TOF may involve two or more divisions within a department or agency. It may also involve two or more organizations within the same agency.
  - d. The following are some common situations that are NOT transfers of function:
    - (1) Reorganization: Functions are moved, distributed, or consolidated within a competitive area.
    - (2) Change in Duty Station: An office or worksite is moved to a new geographic location and no other change occurs.
    - (3) Abolishment: A function disappears from a competitive area and does not reappear anywhere.
    - (4) Reassignment: Employees are moved, but their function is not moved.

e. Affected Employees

- (1) Only those employees who perform integral parts of the agency's mission are subject to TOF provisions. They must perform duties that directly impact the ability of the activity in accomplishing its mission, or maintain and/or operate the machinery or equipment used in performing that part of their activity's mission, e.g., administrative support employees performing duties in comptroller, organization and methods, fiscal accounting, payroll and personnel offices.
- (2) Employees who maintain the buildings and/or grounds where the functions are performed, e.g., base support and service workers, and custodial and protective workers, are not subject to TOF provisions.

f. Rights of Employees in a TOF

- (1) A competing employee has no right to transfer with a function unless the alternative is separation or demotion. If the losing activity chooses not to separate, demote or transfer employees because of the loss of the function, the TOF provisions do not apply. If an employee is identified with a function and is required to transfer with it but refuses to do so, he/she may be separated or placed in another position on which he/she and the losing activity can agree. Employees who refuse to transfer may be separated through adverse action procedures for their refusal to accept the assignment. The losing competitive area may, at its discretion, include employees who decline to transfer with their function as a part of a concurrent RIF.
- (2) If excess employees are identified for transfer, the gaining activity should simulate a RIF, assigning each competing employee to a position in the continuing competitive area without any change in tenure of employment. Employees who would be separated will be identified before the TOF is effected. Employees whose positions are transferred solely for liquidation, and who are not identified with operating function specifically authorized at the time of the transfer to continue in operation for more than 60 days, are not competing employees in the gaining area.

g. Keeping Employees Informed

- (1) In TOF actions that involve a geographic relocation, it is important to provide as much information as possible to transferring employees. The quality of the information provided may have a direct bearing on employee decisions as to whether they will relocate to the gaining activity. Information provided should include:
  - (a) The gaining installation
    - 1 History of the installation
    - 2 Location

- 3 Highway, rail, bus and air connections
- 4 Missions
- 5 Organization (including the mission being transferred)
- 6 Physical layout of installation (map handout)
- 7 Key military and civilian personnel
- 8 Restaurant, dispensary, and recreational facilities
- 9 Major installation employment policies

(b) The community

- 1 Climate
- 2 Housing (cost, type, rental or purchase availability)
- 3 Trailer parks
- 4 Schools/colleges (special facilities for handicapped)
- 5 Churches
- 6 Hospitals
- 7 Shopping facilities
- 8 Banking facilities
- 9 Public transportation
- 10 Recreation and entertainment
- 11 Hotels and motels
- 12 Fraternal organizations
- 13 Utilities
- 14 Newspapers
- 15 Taxes
- 16 Local government structure
- 17 Minority demographics
- 18 Laws and customs

- (2) Special care should be taken in selecting the best people to present information on the gaining activity or community to the employees of the losing activity. The greater the stature and qualifications of those chosen to present the information, the better the material will be accepted by the workforce. Plans should be made to cover all major topics about the gaining activity and the community. The commander or senior manager and the CPO of the gaining activity should brief the employees who may transfer. Prominent members of the community should be asked to furnish information and, when possible, be invited to speak to the employees. Community members should represent groups such as:

- (a) Chamber of Commerce
- (b) School System
- (c) Local real estate brokers
- (d) Churches
- (e) Local government
- (f) Minority and women's organizations
- (g) Tax authority

- (3) All briefings should allow ample time for questions and answers.

## B. Alternatives to RIF

When a RIF is anticipated, an agency can take various steps to lessen the likelihood of adverse effect, prepare employees for it, and forestall administrative problems. Some actions may accomplish substantial savings and avoid the necessity for a reduction in force or reduce the number of employees to be affected. Following are the types of actions agencies may wish to consider. Management must decide which actions are appropriate or even possible in a particular situation. The CPO should assure that all personnel actions are routed through the cognizant personnel specialists or the RIF team/coordinator for clearance.

Possible actions to minimize need for RIF:

### 1. Freeze on hiring and promotions

#### a. Freeze hiring and promotions

- (1) A hiring freeze reduces the number of employees by attrition (primarily resignations, transfers and retirements).
- (1) A hiring freeze also results in a stockpile of vacancies. The agency can use these vacancies to place employees before or during a RIF, thereby avoiding, or at least decreasing, the number of employees who could be affected by a RIF.

#### b. Separate temporary employees and reemployed annuitants.

#### c. Detail employees on a reimbursable basis to other agencies.

#### d. Reassign career employees out of a unit for which a reduction is planned and into vacant continuing jobs in units not affected by the cutback. Reassignments may be made to positions in the same or different commuting areas and are not subject to RIF procedures as long as employees are not involuntarily reduced in grade.

#### e. Utilize temporary or term appointments, details, increase in hours of part-time employees, and overtime rather than hire additional permanent employees to handle the workload.

#### f. Train employees for reassignment to agency positions for which a shortage exists.

### 2. Furlough

- a. Furlough employees rather than separate them when the funding situation may permit their recall at a later date. A furlough is a management action placing an employee in a temporary nonwork and nonpay status because of lack of work, funds other nondisciplinary reasons. This means that an employee placed on furlough does not work and is not paid for a temporary period of time.

- b. Furloughs can only be used when the agency expects to bring the furloughed employees back to work within 1 year. Furloughs should not be used when the agency intends to separate the furloughed employees through RIF at a later time.
- c. Furloughs fall into two categories: furloughs for 30 calendar days or less (called short furloughs) and furloughs for more than 30 calendar days. The reason for these two furlough categories is that different procedures are used to take the furlough actions. Short furloughs are processed under adverse action procedures. RIF procedures must be used for furloughs of more than 30 calendar days.
- d. Management may not:
  - (1) furlough any employee it does not intend to recall to duty in the same position within one year.
  - (2) separate an employee through reduction in force while an employee with lower retention standing in the same competitive level is on furlough.
  - (3) fill a position, except by internal placement, when an employee on furlough is qualified and available for a position at the same or lower grade from which furloughed.
  - (4) recall from furlough
    - (a) Recall to same competitive level. An employee furloughed from a competitive level in which a position is to be filled must be recalled ahead of an employee in the same subgroup furloughed from another competitive level. If all employees furloughed from a competitive level cannot be recalled at the same time, employees must be recalled according to their retention standing beginning with the highest-standing employee.
    - (b) Recall to different competitive level. Furloughed employees recalled to positions in different competitive levels are recalled according to qualifications, availability, and subgroup standing beginning with employees in the highest subgroup.
- e. Separation in lieu of recall
  - (1) If the situation changes and an agency determines a furloughed employee cannot be recalled within the 1-year period, the employee must be separated. If some but not all furloughed employees in a competitive level must be separated, employees are selected for separation by retention standing beginning with the lowest-standing employee. A new specific RIF notice of separation must be given to the furloughed employee at least 60 days prior to separation (or 30 days if the agency has obtained OPM approval for a shorter notice period) and at least 60 days prior to the end of 1-year furlough period. The separation of a furloughed employee is a new RIF action and the required procedures must be followed.



- (2) If a furloughed employee refuses or does not respond to a call to return to duty, the employee is separated by RIF effective on the specified recall date. A new RIF notice of separation is not required. The separation is documented as a RIF separation.

### 3. Voluntary Actions by Employees

- a. Approved voluntary personnel actions; i.e. actions employees can request voluntarily that result in cost savings as well as personnel ceiling savings to the agency are as follows:
  - (1) Leave without pay (LWOP): A request for time off from work without pay.
  - (2) Optional retirement: An action for employees who are eligible.
  - (3) Reduction in work hours: A request to cut the number of hours worked (e.g., a part-time employee requesting a change from 32 to 24 hours a week).
  - (4) Change in work schedule: Changing from a full-time to a part-time schedule or an intermittent work schedule, or from a part-time to an intermittent work schedule.

### 4. Retirements

- a. Early Optional Retirement (Early-Out).
  - (1) Early optional retirement, also known as early-out, is a specific kind of RIF-related retirement. Early-out retirement can occur only when authorized by the Office of Personnel Management. OPM authorizes early-out retirement only when the agency or department is undergoing major RIF, major reorganization, or major TOF. The agency must meet very stringent criteria to show the need for early-outs and to show that early-outs are cost effective. When OPM grants an early-out authorization, the conditions are very restrictive. For example, the authorization will:
    - (a) be restricted only to the pertinent areas or sections of the organizations actually undergoing the major RIF, major reorganization, or major TOF.
    - (b) usually be restricted to the immediate geographical location of the positions to be abolished or transferred.
    - (c) exclude any shortage category occupations or positions.
    - (d) specify the period of time early-out retirements are authorized.
  - (2) An employee in a position and geographic location covered by the early-out authorization may retire if the employee meets all four of the following requirements:
    - (a) be age 50 with 20 years service OR



- (b) be any age with 25 years service.
- (c) have been on the agency's rolls for at least 30 calendar days before the agency initially request early-out authorization.
- (d) have completed 5 years of civilian service.
- (e) have been under the Federal Civilian Service Retirement System for at least 1 of the last 2 years.

### (3) Guidelines For Early Optional Retirement Authorization

This section provides guidelines on planning, submission and administration of early optional retirement authorizations as covered in Appendix B of Federal Personnel Manual (FPM) Supplement 351-1 (reference (e)). Sample letters and activity notices are provided in this chapter to illustrate available management flexibilities. The activity notice samples are not intended to be all inclusive and reflect only one of several different approaches or sequence of events (i.e., an activity may or may not want to survey employees concerning their interest in early retirement).

### (4) Sequence of Events

The following approach illustrates the various steps which occur or should be considered after a decision has been reached to request an early out authorization:

- (a) Obtain a Listing of Eligible Employees
- (b) Survey Eligible Employees. It is recommended that an employee survey of interest in electing early retirement (see Figure 1-1 - Employee Interest Questionnaire) be conducted at the earliest possible time. Since the request to OPM requires data on the number of eligible employees and an estimate as to the number of employees who may elect early-out, a survey at this point will increase the accuracy of this data element. More important, however, is the value of this information in the next step.
- (c) Determine Occupational Areas for which Management will Accept Retirement Applications. Section 306 of Public Law 95-454 (reference (f)) permits OPM to authorize early optional retirements for employees of an agency or segment of an agency when it is determined that a major RIF, reorganization, or transfer of function is underway. The authority, when granted by OPM, typically excludes employees in positions covered by special salary rates and is limited to situations in which results of the use of an early retirement authorization reflect one employee saved from separation or demotion for each early retiree. Entitlement to elect early retirement is not an employee right. However, management has an obligation to

control which occupational areas are to be affected by series, grade and number. Paragraphs 1 and 2 of Figure 1-2 illustrate various ways such controls can be made. The survey ((b) above) would be helpful in identification of specific series in which it may be necessary to establish a cap on the number of employees who will be permitted to retire. The results of the survey may also help identify areas in which offers to employees to be affected by RIF may require modification. For planning purposes, based on OPM review of actual authorization usage, approximately 17 percent of those employees eligible for early retirement can be expected to elect retirement.

- (d) **Set RIF Effective Date.** If the intent of the early out is to avoid the need for a RIF, it is still necessary to establish a RIF effective date for purposes of the request to OPM. OPM will not approve a request for early out authorization without a specific date. The fact that a RIF was avoided by the authority can be cleared in the final report to OPM.
- (e) **Determine Early Out "Window Period."** The time period or "window" in which employees can retire may include, but may not extend beyond the RIF effective date. If the activity proposes a window in excess of 90 days, additional justification is required in the request to OPM to support why such an extended period is needed. Experience has shown that the majority of employees who plan to retire do so at the start of the "window." Also, as the length of the "window" increases, so does the amount of work for the personnel office to track vacancies and placement actions subject to OPM reporting requirements. For situations in which RIF notices have been issued, it is recommended that the "window" termination date be set prior to the RIF effective date to provide administrative time for required cancellation or adjustment of RIF offers and notices. In the sample letters the window period is five weeks (1 May to 3 June); five work days are provided to cancel or revise RIF notices (6 to 10 June); and the RIF effective date is 13 June. Employees who retire by 3 May can expect receipt of a retirement check in July vice August and those who retire by 3 June can expect receipt of a retirement check in August vice September. The 3 May date is an assist to those who want to retire and the 3 June date a last incentive for those who may be undecided.
- (f) **Prepare Request to OPM.** The request should consist of a cover letter and an enclosure containing the information required by OPM (see Figure 1-3). The cover letter should reference the proposed or approved RIF (if any), provide a brief description of actions already taken to avoid the need for a RIF (i.e. reduced payrolls could be at least partially accommodated by reduced overtime, changes in skill mixes, adjusted performance award patterns, slower promotions, employment freezes, hiring slowdown, etc.), and contain information required by the approving command. It may be helpful to coordinate the draft jointly with the approving command and component

headquarters. In preparing the "Early Retirement Authorization Information" enclosure, the following should be considered when using the boilerplate provided in Figure 1-3:

- 1 Justification (paragraph 1): The sample presented describes a budget directed RIF avoidance case. For other situations, describe the cause in simple, brief terms (i.e. lack of work, lack of funds, reorganization, most efficient organization [MEO] action, Commercial Activity Program [CA] action, etc.). Early out requests may not be based on end strength or work-year ceilings.
- 2 Identification of scope of request (paragraph 2): The request must contain a clear statement concerning shortage category personnel. OPM will not approve a request that merely states "all positions" without additional extensive justification for inclusion of shortage category personnel.
- 3 Calculation of percentage of workforce (paragraph 5a): To calculate this percentage figure, divide the number in paragraph 5a by that in paragraph 4 and multiply by 100. To calculate the percentage excluding pre-RIF attrition, from the number in paragraph 5a subtract the number in paragraph 5g, then divide the result by the number in paragraph 4 and multiply by 100. If the result of either calculation is less than 5 percent, the additional justification statements required by FPM Supplement 351-1 (reference (e)) must be included in the request to OPM.

Note: To qualify for the early retirement authority, an activity expecting to lose 2 percent of its workforce through normal pre-RIF attrition would need to project separations of at least 7 percent.

- (g) Submit Request to OPM. The request to OPM is submitted via the component chain-of-command and the Office of the Deputy Assistant Secretary of Defense (CPP/EO) at least one month before the window start date.
- (h) Implement OPM Authorization. OPM verbally informs ODASD (CPP/EO) and the component headquarters on approval of the activity request. This advance information is then provided the activity to allow the activity time to start implementing the process. The OPM approval is officially returned to the activity via the chain of command (see Figure 1-4).
- (i) Notification to Employees (Figure 1-2) illustrates topics to include in the announcement to employees of early out approval. Figure 1-2 can also be used as a model and modified if more than one announcement (i.e., to inform employees between steps in (g) and (h) above that an authorization has

been requested.) See also FPM Supplement 351-1 Section B-2d (reference (e)).

- (j) **Conduct Retirement Counseling.** Retirement counseling classes should be conducted and, if possible, scheduled for the week prior to the window start date to encourage maximum retirements. Interest may wane if classes are held too far in advance of the window period.
- (k) **Administer Authorization.** When administering the authorization, consideration should be given to local procedures which may be required to track position actions subject to OPM reporting requirements (see example at (l) below). Also, if the number of employees interested in retirement greatly exceeds the number that will be accepted, consideration should be given to the establishment of two cut-off dates. This will permit processing of retirement applications accepted on a contingency basis, if employees with accepted applications change their minds at the last minute.
- (l) **Prepare and Submit Report on Usage of Authorization.** Reports should be submitted to OPM via component headquarters and ODASD(CPP/EO)(Figure 1-5). As noted in the governing approvals, activities may not backfill positions vacated by retirees with new hires. This restriction does not preclude the activity from filling the position by promotion or reassignment of permanent activity employees. This restriction also precludes conversion of temporary activity employees. The following example represents an acceptable case for backfill by a new hire: The activity permits an entry level clerk to take an early out retirement on the basis that a warehouseman scheduled for separation accepts the position. After the clerk retires, the warehouseman resigns before placement into the clerical position can be effected. The activity could now backfill the entry level clerk position with a new hire, so long as there were no other qualified employees at the activity who were scheduled for separation or demotion and all priority placement (stopper) lists had been cleared. Remember, the purpose for offering an early out retirement option is to make positions available to qualified employees who have been adversely affected by RIF. The activity would be required to document this action for purposes of the report to OPM.

b. Optional Retirement

An employee may retire on immediate annuity if the following requirements are met:

- (1) be age 62 with 5 years of service
- (2) be age 60 with 20 years of service
- (3) be age 55 with 30 years of service

c. Discontinued Service Retirement

- (1) An employee who is involuntarily separated without cause, or reduced in grade by more than two grades, under RIF may retire on an immediate annuity (reduced by 2% for each year under age 55) if the following requirements are met:
  - (a) be age 50 with 20 years service, or
  - (b) be any age with 25 years service
- (2) There is no annuity reduction under the Federal Employees Retirement System (FERS) for an employee who elects discontinued service retirement.

C. Managing Human Resources During Downsizing

1. Position Management

- a. The policy of the Federal Government is to organize its constituent agencies in a manner that will make the optimum use of its manpower resources. Limited manpower resources and rising personnel costs make it increasingly important that human resources are used economically. Overstaffing must be avoided and non-essential activities eliminated. An agency's system of position management should ensure that employment does not exceed authorized funding.
- b. Management's desire for economy and productivity involves long-term as well as short-term considerations. Employees desire work that is stimulating and challenging, as well as monetarily rewarding, and which provides an opportunity for increasing their skills and advancing. Failure to provide these opportunities can result in high turnover, increased training costs, and lower efficiency. Thus, management is seeking a proper balance of economy, productivity, skills utilization, employee development and employee motivation.
- c. Management has the responsibility to plan the work and to organize the work force to accomplish agency objectives within available resources. Each agency is responsible for determining which positions are required, where they are to be located, and when they are to be filled, abolished, or vacated. This includes determining when there is a surplus of employees at a particular location, in a particular line of work or the possibility of training employees for reassignment to shortage positions. These determinations may be caused by internal factors, e.g., such as a reduction in agency appropriations. Reorganization means the planned elimination of, addition or redistribution of functions or

duties in an organization. Management must determine when a reorganization or realignment of work is necessary. Each agency is responsible for all decisions concerning which positions, not employees, are to be abolished, whether a reduction in force is necessary, and when a reduction in force will take place.

## 2. Skills Analysis/Employee Retraining

- a. Proper job design is fundamental to efficient and economical position management, full utilization of employee skills, and effective use of labor market resources. Managers need to examine their positions and organization structures periodically in order to redesign them more efficiently whenever possible.

- (1) Key elements in the area of organization and position management include:

- (a) careful, periodic examination of the organizations' structure, and each position in the structure, to identify lower-skill tasks that may not be appropriate for the kind of level of work for which the jobs were established.
  - (b) establishment of appropriate positions to carry out the tasks removed from higher level positions.
  - (c) creation of job patterns and career ladders which will assure maximum use of the available skills to the organization.
  - (d) enlightened use of manpower controls to facilitate effective position management.

- (2) Key elements in staffing include:

- (a) conducting skill inventories to determine what manpower resources the organization already has.
  - (b) appropriate recruitment of people available in the labor market who can perform, or be trained to perform, the duties of positions requiring skills ranging from minimum levels to high levels.
  - (c) careful attention to placement and promotion actions to assure best use of employee skills and to provide advancement in satisfying careers.

- (3) Key elements in employee development include:

- (a) training for upgrading skills, both of new employees and current employees already on the rolls.
  - (b) training for new emerging skills to be required by the organization..

(c) providing opportunities for growth through special development programs

(d) encouraging self-development.

b. Internships

(1) Career intern programs entry to journeyman level positions in administrative, professional, and technical fields which make up the mainstream mission-oriented and key staff service occupations of an agency. Entrance levels are usually at grades GS-5, and GS-7, or sometimes in certain occupations, GS-9. Appointment is at clearly defined trainee levels with training plans established which will enable the employee to progress through planned assignments to the journeyman level.

(2) Programs for staffing career intern positions should be planned to assure consideration based on competitive merit principles and the needs of the agency.

(3) Applicant source include:

(a) Recent college/university graduates entering Government.

(b) Graduates with some experience in the career field or a related field.

(c) Candidates from the general labor market who qualify based on a combination of education and experience.

(d) Upward mobility or lateral movement of current employees from assistant, clerical and technical occupations who have demonstrated high potential for development in the career fields.

c. Understudy Programs

(1) An understudy is an employee who is being trained to assume the duties of a position scheduled to be vacated in a definite period of time, normally one year or less.

(2) Understudy work may be of a "trainee" nature, involving duties substantially below the level of the position understudied, or it may involve duties well above the trainee level. The classifier must assess the duties actually performed or to be performed, to determine the most appropriate classification based on the applicable classification standards.

d. Apprentice Program

(1) This program is a comprehensive wage-grade program consisting of on-the-job training (OJT) supplemented by related training in theories, principles and practices. The program is designed to



develop highly skilled journeymen to meet long-term mission needs, by providing apprentices required skills training, knowledge and abilities (KSAs) in designated trades.

- (2) Normally, the length of the training program is four years. Apprentices with exceptional learning ability, or previous instruction and/or experience in the trade, may have their apprenticeship reduced up to 50 percent accelerated advancement based on demonstrated proficiency.
- (3) A Trade Training Plan will be developed for each apprentice. This is a well organized, effectively coordinated plan and tasks required to accomplish objectives of training objectives.
- (4) Apprentices are eligible for promotion to the next wage rate of the special pay plan upon successful completion of the training requirements of each 26-week period of training. Apprentices' progress reviews must reflect a satisfactory or better rating on all critical performance elements. Activities are responsible for placement of apprentices in journeyworker positions following graduation from their apprenticeship.

### 3. Creative Staffing

#### a. Temporary/Term Appointments

- (1) A temporary limited appointment is a nonstatus appointment to a competitive service position for a specified period not to exceed 1 calendar year (may be extended in 1 year increments for a total of up to 4 years (see FPM Chapter 316 Subchapter 2 (reference (g)))). Temporary appointments are intended to meet legitimate non-permanent staffing needs. Examples of appropriate use include:
  - (a) staffing continuing positions when workload levels are uncertain or when it is anticipated that funding levels will be reduced or that the activity will be reorganized.
  - (b) filling permanent positions on a temporary basis in order to save them for eventual incumbency by permanent employees expected to be displaced from other parts of the organization.
- (2) A term appointment is a nonstatus appointment to a competitive service position for a specified period exceeding 1 year and lasting not more than 4 years on a calendar basis (see Subchapter 3 of reference (g)). Examples of appropriate use include:
  - (a) filling positions in activities undergoing a commercial activity review or, which are in the process of being closed.
  - (b) replacing permanent employees who have been temporarily assigned to another position.

#### b. Part-Time/Job Sharing

- (1) Part-time career employment is the placement of an employee serving in the excepted or competitive service in tenure group I or II under a regular work schedule of 16 to 32 hours per week (see FPM Chapter 340 (reference (h))).
- (2) Job-sharing is a form of part-time employment in which the tours of duty of two (or more) employees are arranged in such a way as to cover a single full-time position. Job sharing offers an alternative to layoffs when full-time employees are willing to reduce hours. Overtime can be kept down if job sharers increase regularly scheduled hours.
  - (a) Part-time/job sharing opportunities are not limited to specific jobs or grade level.
  - (b) In a RIF, part-time employees are placed in a separate competitive level from full-time employees. When released from their competitive level, a part-time employee can compete only for other part-time jobs. Similarly, a full-time employee has assignment rights only to full-time positions and cannot displace a part-time employee.

c. Entry-Level/Upward Mobility

- (1) Management may decide to create a career-ladder position and fill the vacancy at the entry level. Career ladder indicates the successive grade levels through which an employee may advance to the full performance level of the position to which appointed or assigned typically without having to compete promotion. The career ladder is established based on a classification decision that sufficient work exists at the full performance level to support the grade (FPM Chapter 335 (reference (i))).
  - (a) Filling positions below the established level provides management with the flexibility needed to resolve issues associated with budgetary constraints.
  - (b) Provides the employee progressively more responsible experience and noncompetitive promotion potential up to the designated full performance level.
- (2) The objective of the Upward Mobility Program is
  - (a) to provide an opportunity for lower-level employees to enter a new career field in another technical, administrative, or professional occupation. This objective is accomplished by assigning competitively selected employees to trainee positions which are individually designed to prepare them, through structured on-the-job and classroom training, to enter this new career field. The following results are achieved:
    - 1 reassignment and better utilization of employees whose current assignment does not provide for further advancement.

- 2 motivation of employees by providing them the opportunity for training and enhancement of their qualifications.
- 3 broader base for selection of personnel for technical, administrative, and professional positions which will diversify the employee population in those career fields.
- 4 employees trained to function effectively in their targeted positions and occupations.

(b) To help in avoiding a RIF through the reengineering of positions to lower grade levels to meet the skills needs of the activity, and permit the movement of underutilized employees into the positions.

d. Waive/Modify Qualifications

(1) Waiver of an OPM qualification standard involves setting aside requirements in a published standard to place an employee in a particular position usually to avoid a hardship to the employee. Waiver of qualifications in offering RIF assignments is made only at the discretion of the agency which within the DoD can be made at the installation level. In granting a waiver, installation procedures should ensure consistency in applying the policy. Under RIF procedures, management may waive qualifications of affected employees, with the exception of minimum education requirements, when it is determined the employee has the capacity, adaptability and special skills needed to perform the duties and responsibilities of the position without unduly interrupting the work program. Undue interruption means a degree of interruption that would prevent the completion of required work within the allowable limits of time and quality, taking into account the pressures of priorities, deadlines, and other demands. Work may be unduly interrupted if an employee needed more than 90 days in after the RIF to successfully perform the critical elements of a position. Assignments to lower priority programs or vacant positions may allow longer interruption (see FPM Supp. 351-1 (reference (e))).

(a) provision may not be used to assign an employee to a position with a higher representative rate than that of the position currently held.

(2) Agencies may modify OPM qualifications standards for reassignments, voluntary changes to lower grade, transfers, or reinstatements to the same or lower grade when a candidate's background includes closely related experience which provided the skills and abilities necessary for successful job performance. This authority should be used only when there is reason to believe that the employee will successfully make the transition to the new occupation, and development is provided to assist the employee in the new job. Management may opt to use the authority as a reorganization/realignment tool. For example, when particular

positions or skills are less needed, but other positions or skills will replace them, it may be possible to reassign employees to the new work without the necessity of RIF procedures.

- (a) Use of the authority should be recognized as an exception to normal operating procedures and installations must ensure that it is applied in accordance with merit principles.
- (b) The authority may be used to assign an employee to a position with greater promotion potential when requirements for competition under the agency's merit promotion plan are met. When using merit promotion procedures, the qualification requirements to be met must be identified in the vacancy announcement.
- (c) Candidates for professional positions must meet minimum educational requirements in the standard for the occupation. Any required license, physical capability, or certification requirements in qualification standards, as well as time-in-grade restrictions for promotion, must also be met.
- (d) Installation may not impose additional education or experience beyond that required by OPM standards. Selective factors may continue to be used when justified for successful performance in individual positions.

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CIVILIAN PERSONNEL OFFICE  
ALL-HANDS BULLETIN

Voluntary Early Optional Retirement Survey

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1 As a result of Congressional budget reductions, the (activity) is anticipating further funding and workload reductions during the remainder of this fiscal year and into Fiscal Year 19##.

2. In order to minimize the impact of these reductions, the Command is considering requesting authorization for early optional retirement from the Office of Personnel Management (OPM). At this time, the authority requested will include all occupational series and grades with the exception of employees receiving special salary rates. As part of this process, eligible employees are requested to return the attached survey concerning interest in early retirement to the Retirement Branch NLT. Based on the results of this survey, and if our request is approved, further consideration will be given to limiting the early retirement to specific occupational series and grade levels to prevent a workload/skill distribution imbalance.

3. The purpose of this survey is to determine general interest in early optional retirement for eligible employees. Your response to this survey is not binding and the information will not be used to force you to retire. The decision to retire is yours and is strictly voluntary. If approval is obtained for early optional retirement, you must then complete the required paperwork and file an application.

4. The following eligibility conditions apply to early optional retirement:

a. Employed under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) (or a combination of both) for at least one year of the last two years preceding retirement.

b. Age 50 with 20 years creditable service or 25 years of creditable service at any age. If under age 55, and covered by the CSRS, the basic life annuity is reduced by one-sixth of one percent of each full month (2% by year) that the employee is under 55 years of age. This is a permanent reduction in your annuity. For employees who elected FERS coverage, the part attributed to CSRS service is computed under CSRS rules, including the two percent reduction for retirement under age 55, and the part attributable to FERS service is computed under FERS rules with no age reduction.

c. Employed on (activity) rolls at least 30 calendar days before the date of the agency request to OPM.

d. Eligibility requirements must be met during the early retirement period which will be set by OPM.

e. If you have retirement questions, please contact \_\_\_\_\_ at extension \_\_\_\_\_.

Figure 1-1

## EARLY RETIREMENT SURVEY

Name \_\_\_\_\_ Code \_\_\_\_\_ Extension \_\_\_\_\_

1. Check one of the following:

\_\_\_\_\_ I AM INTERESTED IN EARLY OPTIONAL RETIREMENT

\_\_\_\_\_ I AM UNDECIDED ABOUT EARLY OPTIONAL RETIREMENT

\_\_\_\_\_ I AM NOT INTERESTED IN EARLY OPTIONAL RETIREMENT  
(If you are not interested, please sign, date and return)

2. If interested or undecided, please answer the following:

I REQUEST AN ESTIMATED ANNUITY COMPUTATION Yes\_\_ No\_\_

I AM RETIRED MILITARY Yes\_\_ No\_\_

I HAVE OPTIONAL LIFE INSURANCE Yes\_\_ No\_\_

MY PRESENT SICK LEAVE BALANCE  
IS \_\_\_\_\_.

MY CURRENT HEALTH PLAN  
IS \_\_\_\_\_.

I understand that completing this form is purely voluntary and that I am under no obligation to retire. I further understand that the information requested is necessary to obtain an annuity estimate for early optional retirement.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

Please return this form to \_\_\_\_\_ NLT \_\_\_\_\_

## MEMORANDUM FOR ALL (ACTIVITY) EMPLOYEES

From: Executive Officer

Subj: "EARLY-OUT" RETIREMENT AUTHORIZATION

1. The Office of Personnel Management (OPM) has approved the (activity) request for voluntary early optional retirement. The early retirement period or "window" is from 1 May through 3 June 19##. Since this authority is limited to situations which results in one employee being saved from separation or demotion for each early retiree, it will be necessary to impose some limitations. The following employees are excluded from the early optional retirement.

- a. All GM-15 level positions
- b. All employees in \_\_\_\_\_ and \_\_\_\_\_ Directorates
- c. All engineering series, except grades 13 and 14 in the GS-810 series.
- d. All engineering technician series.
- e. All production controller series at the GS-12 level and above.
- f. All employees in WG series 3106, 3416, 3707, and 3806.

2. The following employees may elect early retirement:

- a. All employees eligible for early optional retirement in Directorates X, Y, and Z occupying positions, other than those identified above, may elect early retirement.
- b. Division and branch head positions at the GM-13/14 grade levels, other than those specified series identified above, may elect early retirement.
- c. The number of retirement requests to be accepted for employees in the GS-335 series will be limited to the first ten applications received.

3. The maximum number of employees to be released under early retirement is \_\_\_\_\_. Employees electing early retirement may pick up an Application for Immediate Retirement (SF 2801) from the Retirement Branch, building \_\_\_\_\_, Room \_\_\_\_\_ at any time during office hours, which will be Monday through Friday, \_\_\_\_\_ hours to \_\_\_\_\_ hours beginning (date) through (date). The application for immediate retirement (SF 2801) is the official document which initiates the processing of early retirement - not the Request for Personnel Action (SF 52). The SF 2801 will not be accepted prior to (date). The SF 2801 will be date stamped to reflect the date/time of delivery. An automated tracking system will be used to count the number of employees who elect early retirement. Upon receipt of an SF 2801, employees will be provided a retirement counseling appointment. Additionally, an SF 52 must be initiated and processed through the regular approval chain of command. This authority may be terminated early, without prior notice, after the number of applications equals the number of employees facing separation or demotion.

Figure 1-2



4. Employees must meet the minimum eligibility requirements prior to the expiration of the early retirement period, 3 June 19##. The basic eligibility requirements are (see paragraph 4 of sample #1). These requirements must be met no later than the effective date of retirement which may be at any time during the early retirement period, but no later than (date). Retirements must be effective no later than (date).

5. Any eligible employee who meets the above criteria and did not submit a response to the interest survey or previously indicated no interest and is now contemplating early retirement, should contact the Retirement Branch either in person or by telephone (extension \_\_\_\_\_) as soon as possible.

6. Additional written information regarding retirement applications and procedures will be provided to those employees who meet the eligibility criteria as stated in Paragraphs 1 and 2.

7. Supervisors are responsible for ensuring that employees on field teams, in a travel status, in training, extended leave, etc., are provided the necessary information regarding the requirements and procedures for early optional retirement.

8. Any questions regarding this early optional retirement authorization may be directed to the Retirement Branch staff of the Civilian Personnel Department on extension \_\_\_\_\_.

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EXECUTIVE OFFICER

## Early Optional Retirement Authorization Information

1. Justification: As a result of Congressional direction the (activity/subdivision) must absorb a reduction of approximately \_\_\_\_\_ percent. In the FY 19XX Appropriation Act, the Congress targeted substantial personnel funding reductions in association with the directed staffing reductions. To realistically accommodate these targeted funding reductions, approximately positions must be eliminated during FY 19XX from the staffing levels previously reflected in the FY 19XX President's Budget. An early out will help reduce the number who will have to be involuntarily separated and may make a RIF unnecessary.
2. The early out authorization is requested for all series and grades except shortage category personnel in the (activity/subdivision) . Use of this authority may be further limited to meet management needs.
3. Effective date of the RIF is (date). Early out is requested for the period (date) through (date) .
4. The current number of permanent employees in the organization is \_\_\_\_\_.
5. Estimated number of permanent employees in the (activity/subdivision) who would:
  - a. Be separated: \_\_\_\_\_ ( \_\_\_\_\_% of the workforce)  
( \_\_\_\_\_% when excluding pre-RIF attrition)
  - b. Be reduced in grade or pay: \_\_\_\_\_
  - c. Be transferred to a different commuting area: \_\_\_\_\_
  - d. Be eligible for early retirement: \_\_\_\_\_
  - e. Take early retirement: \_\_\_\_\_
  - f. Not be separated, transferred, or reduced in grade or pay because of the early retirement of others: \_\_\_\_\_
  - g. Have left voluntarily through normal attrition before the effective date of the RIF: \_\_\_\_\_
6. Number of new hires to fill vacancies created by the early retirements: NONE  
Vacancies will be filled by the placement of current activity employees.
7. The current number of temporary employees in the organization is \_\_\_\_\_ employees. The number of temporary employees to be terminated is \_\_\_\_\_.  
(Indicate reason(s) for retaining any temporaries; i.e. temporaries to be retained are in organizational segments or series and grades for which no employees will retire under this authority).
8. The point of contact for this request is (name) who can be reached at (\_\_\_\_) \_\_\_\_-\_\_\_\_ or DSN \_\_\_\_\_.

Figure 1-3

Mrs. Patricia S. Bradshaw  
Director, Staffing and Career Management  
Office of the Assistant Secretary  
of Defense  
Washington, DC 20301-4000

Dear Mrs. Bradshaw

The Office of Personnel Management has approved your request for voluntary early retirement under 5 U.S.C. 8336(d)(2) and 5 U.S.C. 8414(b)(1)(B) for the Department of \_\_\_\_\_. This authority covers all eligible employees at the (activity). The authority does not include employees in positions covered by special salary rates or for which your agency has direct-hire authority. All temporary employees must first be separated before any permanent employees in both the same classification series and the same competitive area can retire under this early out authority, unless OPM approves a specific exception on a case basis. Early retirements are authorized for the above eligible employees so long as they were on the rolls of the covered component at least 30 days before the date of your request, (date), and have remained continuously on the rolls since that time. These retirements are authorized from (date) through (date).

This authority is issued with the understandings that (1) Department of Defense will take all possible steps to ensure that no coercion is exercised by agency managers or employees against employees who are eligible to retire; (2) vacancies created by retirements will be used to place employees who are facing separation; (3) Department of Defense will restrict this authorization further by organizational components, job series and/or grade levels where such use would be appropriate under the terms of the authorization, i.e., to "phase in" the early retirement option, offering it first to those covered employees whose voluntary retirement would result in the best and greatest number of placement opportunities for adversely affected employees; and (4) Department of Defense will terminate the authority earlier than (date), if the number of employees electing voluntary early retirement equals or exceeds the number of employees to be saved from separation.

In addition, this authority has been granted based on information contained in your request as it particularly pertains to the number of employees facing separation and the number of employees expected to exercise the early retirement option. We ask that you advise us, and, if necessary, terminate or modify the early retirement authorization, if the factors upon which the authority is based are changed.

Please be sure to include affected employees in your regular retirement counseling activities. As in other retirement situations, at least the last five years of their service must have been covered under the Federal employee health and life insurance programs in order to continue coverage under those programs in retirement.

For each retirement under 5 U.S.C. 8336 (d)(2) (CSRS) or under 5 U.S.C. 8414 (b)(1)(B) (FERS), the SF 2806 (individual retirement record) must show the appropriate CSRS or FERS authority. A statement similar to the following should appear on the last line used for the service history portion of the form: RET 5 U.S.C. 8336 (d)(2) or RET5 U.S.C. 8414 (b)(1)(B); OPM Authority Number ( ).

Figure 1-4

SF 50 used to separate employees who are retiring under this authority should use the following personnel action code and nature of action:

Block	Code
18-A	303
18-B	Retirement-Special option
18-C	VYJ
18-D	5 U.S.C. 8336(d)(2)RIF or 5 U.S.C. 8414(b)(1)(B)RIF
18-E	AZM
18-F	OPM Auth. (##-##)

Please furnish no later than (date that is 60 days after last day employees can elect retirement), a report on the use of this authority that provides the information requested in the enclosure to this letter. In the event no eligible employees choose to retire voluntarily under this authority, it is still required that you report this fact as well as the information in Item 2 of the enclosure.

Sincerely,

## **INFORMATION REQUESTED FOR REPORT ON USE OF VOLUNTARY EARLY RETIREMENT AUTHORITY**

1. The number of retirements under the authority, broken down by occupational series and grade, and the average age of all retirees under the authority.
2. The number of employees separated, and the number reduced in grade or pay, and the number transferred to a different commuting area. (If these numbers differ substantially from estimates, explain why this occurred.)
3. The number of employees, by category, who were not separated, reduced in grade or pay, or transferred to a different commuting area as a result of the authority, i.e., the number not separated or not downgraded.
4. The number of employees, by category, who left by attrition of all types, i.e., by resignation, other retirement, etc.
5. The number of early retirees who were reemployed within 45 days.
6. If new hires were made to fill positions vacated by the early retirees, provide:
  - a. the number of new hires;
  - b. why this action was necessary;
  - c. why the retirement authority was not terminated early to avoid the need for these new hires;
  - d. the occupations and grade levels to which the new hires were appointed; and
  - e. the number of new hires who were enrolled in placement programs.

**Figure 1-5**